

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 NRC-05 /095 W

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R 171500Z MAR 76

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1051

C O N F I D E N T I A L CAIRO 3498

EO 11652: GDS

TAGS: ENRG EG US

SUBJECT: NUCLEAR POWER STATION-CONTRACT NEGOTIATIONS

REF: CAIRO 2924

1. VALIDITY OF GE AND WESTINGHOUSE BIDS ON NUCLEAR POWER STATION RUN OUT AT MIDNIGHT THURSDAY, MARCH 18. BOTH COMPANIES NOW HAVE HIGH LEVEL OFFICIALS IN TOWN AWAITING EGYPTIAN DECISION ON AWARDING CONTRACT. AS OF COB MARCH 17 NEITHER COMPANY HAD BEEN CONTACTED REGARDING EITHER A SELECTION OR A FURTHER EXTENSION. PROSPECTS LOOK BLEAK FOR GOE MEETING DEADLINE. IT IS KNOWN THAT DECISION WILL NOT BE MADE UNTIL PRESIDENT SADAT AND THE HIGHER COUNCIL FOR UTILIZATION OF NUCLEAR POWER MEET TO APPROVE MINISTRY OF ELECTRICITY CHOICE. WITH PRESIDENT IN ISMAILIA UNTIL AT LEAST FRIDAY, IT SEEMS UNLIKELY THAT COUNCIL WILL MEET BEFORE DEADLINE.

2. BOTH GENERAL ELECTRIC AND WESTINGHOUSE HAVE EXPRESSED FEELINGS LAST FEW DAYS THAT THEY DO NOT BELIEVE THAT PRESIDENT REALIZES URGENCY WHICH MINISTRY OF ELECTRICITY HAS ATTACHED TO THIS PROJECT OR THAT HE IS AWARE OF MIDNIGHT THURSDAY DEADLINE FOR BID VALIDITY EXPIRATION. BOTH ARE SOMEHAT CHAGRINED THAT EGYPTIANS DO NOT APPRECIATE

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THEIR EFFORTS. GENERAL ELECTRIC REP MOFFET PLANNING RETURN TO

U.S.ON FRIDAY, EXPECTING THAT IF BIDS TO LAPSE, EGYPTIANS WILL REQUEST REVALIDATION. GE APPARENTLY WILLING TO GIVE SUCH REVALIDATION.

3. ACCORDING TO BOTH COMPANIES BID VALIDITY EXTENSIONS HAVE BEEN EXTREMELY GENEROUS GIVEN THE ESCALATION IN PRICES OVER PAST 13 MONTHS SINCE BIDS FIRST SUBMITTED. THEY OPINE THAT REVALIDATION WILL SEE A RATHER STEEP INCREASE IN PRICE.

4. INTERESTINGLY NEITHER COMPANY HAD GOOD IDEA WHERE NEGOTIATIONS FOR NUCLEAR COOPERATION AGREEMENT NOW STAND. EGYPTIANS HAVE TOLD THEM THAT AGREEMENT IS ALL BUT COMPLETE. EILTS

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